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| SUBJECT: | RISK MANAGEMENT UPDATE |
| REPORT OF: | Director of Resources |
| REPORT AUTHOR | Director of Resources |
| WARD/S AFFECTED | N/a |

1. Purpose of Report

- 1.1 The purpose of this report is to update Members on the risk management framework in place for the across the two authorities.

RECOMMENDATION

The Committee is asked to note the report

2. Information

- 2.1 Risk management can be consider to be the identification of issues or risks that can prevent the authority achieving its objectives, and putting in place measures to manage these risks. Risks can have consequences in terms of finance and reputation is not managed.
- 2.2 The starting point is the Councils' statements of their objectives which are in their Business Plans.
- 2.3 The Strategic risks of the authorities are those that are considered to be the significant corporate risks that exist the medium term, and which require management at a corporate level in the authority. These issues can be service specific or cross cutting. The Strategic risks are appended to this report.
- 2.4 At any point in time there are risks that require particular management focus at either a service or corporate level. These are the key Operational risks. At main current operational risks are appended to the report.
- 2.5 The management of most risks focuses on the four main areas.
- Financial
 - Property & Systems
 - People
 - Information

2.6 The following table highlights the main controls that exist for these areas.

| | Controls | Monitoring |
|--------------------|--|--|
| Financial | Financial procedure rules Contract standing orders | Monthly budget monitoring Audit of accounts Identification of financial risks as part of the budget process. |
| Property & Systems | Maintenance agreements and warranties Management by qualified professional Land and Property plans Process documentation and system diagrams Business continuity plans | Condition surveys Insurance inspections Network and application monitoring diagnostic tools. |
| People | HR policies and procedures Staff appraisal and development process Workforce planning | Monthly monitoring of key staffing statistics |
| Information | Policies and procedures around data security and management Retention and disposal schedules Structured file plans | Annual review of retention & disposal schedules Monitoring data on electronic file storage |

2.7 An important aspect of managing risks is the work of Internal Audit. This is through the internal audit plan and work they undertake with managers to re-enforce the relevance of risk management to what they do. Internal Audit is crucial to the process of monitoring organisation controls.

2.8 The Annual Governance Statement which accompanies the Councils' annual accounts, is the annual assessment by the Councils of the effectiveness of their controls and procedures and what are significant control risks that need to be focused on going forward. The Annual Governance Statements are reviewed and approved by the Audit Committees.

2.9 Over the last year Internal Audit has done work with middle managers as part of their development programme on risk management. In the coming year the joint risk management guidance for the Councils will be reviewed, with input from Internal Audit.

3. Consultation

Not applicable

4. Options

Not applicable

5. Corporate Implications

5.1 There are no financial implications arising from this report, nor any any implications for the Council's policies and procedures.

6. Links to Council Policy Objectives

6.1 Risk management is one of the main elements of corporate governance. Effective organisations have a proactive approach to risk management.

7. Next Steps

7.1 Not applicable.

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|---------------------------|------|
| Background Papers: | None |
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**Council Aims & Objectives
[Business Plan]**

Strategic Risks

Key Operational Risks

Financial

**Property &
Systems**

People

Information

Annual Governance Statement

CHILTERN & SOUTH BUCKS STRATEGIC RISKS

| Risk Description | Control | Officer Resp | Member Resp |
|---|--|--------------|-------------|
| <p><u>Joint working</u> Friction develops between two authorities that stalls progress and affects service delivery</p> | <ul style="list-style-type: none"> • Governance in place – Joint Cmm, JSC • Programme documentation and programme management resources • Member involvement in joint working in line with member expectations • Communication plan for members, staff, external partners | M/T | CAB |
| <p><u>Transformation and Management of Change</u> No acceptance of change to ways of working and service delivery by officers and members prevents achievement of council aims and meeting customer needs. Progress inhibited by capacity issues and lack of finance, and programme losses momentum</p> | <ul style="list-style-type: none"> • Senior members and managers show commitment to change e.g. Stronger in Partnership. • Case for changes clearly made and communicated. • Build on success, in order to establish confidence to change. • Prioritise programme of change, and ensure it is adequately resourced. • Develop change management approach, and organisational development plan | M/T | CAB |
| <p><u>Financial Stability</u> Authorities forced into short term reactive measures to a) reduced Govt funding, b) unavoidable cost increases. Reputational risk from decision that have to be taken. Reduced financial capacity to manage transformation</p> | <ul style="list-style-type: none"> • Review of MTFs to support Prudential Borrowing. • Clear service priorities • Analysis of Govt spending plans (Fair Funding Review). • Savings programmes agreed and monitored • Annual review of cost base • Strategies for use of reserves | M/T | CAB |
| <p><u>Workforce Issues</u> High turnover, low morale, lack of succession planning, skills gaps etc</p> | <ul style="list-style-type: none"> • Organisational development and Workforce planning. • Monitoring of key personnel statistics. • Good staff communications processes | M/T | CAB |

| Risk Description | Control | Officer Resp | Member Resp |
|---|--|--------------|--------------------|
| affect services. Reduced staffing capacity to manage transformation. | <ul style="list-style-type: none"> Staff assistance programme Training and development strategies in place, resourced and monitored. (e.g. middle managers programme) Appropriate management policies, procedures and approach in place | | |
| <u>Waste & Environmental Services</u> Both - Impact of changes to disposal arrangement by BCC increase costs. CDC – Failure or poor performance of joint waste contract. | <ul style="list-style-type: none"> Governance in place for joint contract (CDC/WDC). Have adequate in-house knowledge of cost share model. Co-ordinated approach by both Councils with BCC Effective contract monitoring and good relationships with contractors by joint client team Good communications with residents. | HoE | PH - Env |
| <u>Joint/Partnership working</u> Due to reduced resources and capacity partnership working diminishes and benefits are lost. | <ul style="list-style-type: none"> Co-ordinate and streamline representation on partnership groups Monitor impact of changes arising from partner cut backs Identify key partnerships to support | M/T | CAB |
| <u>Business Continuity</u> Material service interruption or degradation, possibly combined with loss of data leading to costs and reputational damage | <ul style="list-style-type: none"> Clear senior management arrangements for responsibility on business continuity Business continuity plans in place. ICT DR plans in place Maximise use of shared assets and teams across two Councils. Emergency Plan reviewed and in place and support arrangements via the Thames Valley Resilience Forum | HoHC | PH -SS PH – BCS |
| <u>Information Management & Security</u> Loss or data, or inappropriate disclosure of sensitive data leads to financial costs and reputational damage, particularly with local | <ul style="list-style-type: none"> Robust cybersecurity policies around patch, firewall maintenance. Policies and procedures in place overseen by IG group, and made common where practical. Communication and training for staff on policies and procedures Officer mechanisms to enable corporate approach to be taken to | HoBS | PH -SS PH – BCS |

| Risk Description | Control | Officer Resp | Member Resp |
|--|---|--------------|-------------|
| residents and tax payers. Inefficient service processes due to difficulty in using/retrieving data | information management. <ul style="list-style-type: none"> • Focus on reducing unstructured electronic data. • Information management incorporated in transformation projects as appropriate. • Plan for impact of GDPR changes (May 2018) | | |
| <u>New Legislative Changes</u> Failure to reasonably comply leads to financial costs and reputational damage. Substantial changes in Govt policies or direction. | <ul style="list-style-type: none"> • Corporate capacity to identify and analyse forthcoming legislative changes affecting the Councils. • Analyse and produce action plans for addressing Housing issues in light of Govt priorities. • Analyse and respond to changes to Planning system. • Use of professional or local authority network groups to gain and share knowledge. | M/T | CAB |
| <u>Affordable Housing</u> Increase in temporary accommodation numbers, migration of young people and families out of area affecting sustainability of communities. | <ul style="list-style-type: none"> • Housing strategies in place and regularly reviewed • Good relationships between housing and planning services. • Resources identified to support housing schemes • Partnerships with RSLs • Efforts made to secure sites/properties for temp/affordable housing • Good management of temporary accommodation placements. | HoHC | PH - HC |
| <u>Major Infrastructure Projects Impacts.</u> Detrimental impact on local communities and environment. Costs to authorities in defending local area from worst impacts | <ul style="list-style-type: none"> • Impact assessments made formally or informally on major projects. • Clear Council position on a particular proposal. • Lobbying mechanisms identified • Member communications strategy in place • Communication strategies with residents on any major proposals • Resources identified to fund actions or responses | M/T | CAB |
| <u>Demographic Changes</u> Service delivery not flexible enough | <ul style="list-style-type: none"> • Corporate analysis of Census and related data • Incorporate Census data into service planning | M/T | CAB |

| Risk Description | Control | Officer Resp | Member Resp |
|--|--|--------------|--------------------|
| to cope with changes in demographics in the medium term, leading to service gaps and increased dissatisfaction levels. | <ul style="list-style-type: none"> • Communicate key messages to members • Take into account in service design/delivery | | |
| <u>Property/Asset Management</u> Inefficient use of assets increase costs and reduce service usage and satisfaction | <ul style="list-style-type: none"> • Strategic Asset Review exercises to identify key projects. • Professional advice used where appropriate • Resources in place to support key projects. • LATC established by SBDC to maximise financial return from property assets. | HoE | PH - Env PH - R |
| <u>Economic Viability</u> Local employment and business activity declines | <ul style="list-style-type: none"> • Good liaison arrangements with local businesses • Monitor key indicators of the local economy • Take advantage of opportunities. • Adjust fees & charges if necessary (e.g. car parking) | M/T | PH – P&ED |

CHILTERN & SOUTH BUCKS – KEY OPERATIONAL RISKS (FEB 2018)

| Service Area | Description of Risk | Mitigation Actions | Responsible Officer |
|-----------------------|--|---|---------------------|
| Housing | SR10 Affordable Housing Homelessness increases <ol style="list-style-type: none"> 1. Current demand 2. Impact of the Homelessness Reduction Act 2017 3. Impact of benefit changes | <ul style="list-style-type: none"> • 8 Police Houses in SBDC available till 31st May 2018. • 4 x 5 bed flats available from L+Q for use by SBDC and CDC • Use of housing stock provided by the housing associations • Use the Private Sector Leasing Scheme to reduce direct costs of homelessness to the council by approximately 50%/unit until other Council developed options become available e.g. Bath Road Depot and other similar schemes • Current use of direct nightly lets • Acquire affordable housing opportunities either by Council directly purchasing properties or delivering new build properties for rent, managed by a housing provider • AHMWG established in CDC to review opportunities with PHG and Council sites • Redevelopment of Bath Road Depot to provide 9 x2 bed and 3 x 1 bed units • Acquire 801 Bath Road to deliver 2 x 4 bed properties • Review options through the planning process • Work through the OPE to seek opportunities to deliver Affordable Housing on publicly owned sites • Redirect s106 funding to deliver temporary housing for use by the Council enabling savings on B+B costs, management fees and deliver an income to the Council. | HoHC |
| Homelessness payments | SR10 Affordable Housing Unable to reclaim nightly accommodation costs | <ul style="list-style-type: none"> • Implement finding of Task and Finish Group, Housing, Finance and Benefits officer review workshop and MT/Portfolio Holder meeting actions | HoHC |

| Service Area | Description of Risk | Mitigation Actions | Responsible Officer |
|--|---|---|---------------------|
| | | <ul style="list-style-type: none"> • Weekly monitoring by finance, housing and benefits Officers • Monthly monitoring by HoS and Managers from Housing, Finance and Benefits • Project Plan to address HRA • Report on the implementation of the Task and Finish Group Action Plan to HC PAG • Monthly monitoring report to MT/Cabinet on KPI • Move the financial risk to housing providers through providing accommodation in which the tenant has a direct relationship with the housing provider. | |
| Planning & Economic Development – CDC & SBDC | SR4 Work force Issues Staff turnover and ability to recruit to posts on a permanent basis | CDC/SBDC continued close engagement of HOS/Managers/HR in relation to the staffing restructure.. Use of contractors for time-limited periods. Also just appointed to an 18 month temporary contract | HoP&ED |
| Planning & Economic Development – CDC & SBDC | SR4 Work force Issues Demanding shared planning service implementation resulting in less time to do the day job thus impacting on performance . | CDC & SBDC – High calibre managers appointed.. Temporary 18 month backfill post and CDC area team leader taking on some management responsibilities. Careful project planning. | HoP&ED |
| Business Support | Updata struggling to deliver robust voice & data communication services. Poor performance exacerbated by serving | Approach taken to migration to new contractor, MLL, is piecemeal rather than big bang. Services are being cut over as soon as feasible. Target is for all but telephony service to be with MLL by 10.02.18 | HoBS |

| Service Area | Description of Risk | Mitigation Actions | Responsible Officer |
|-------------------|--|---|---------------------|
| | notice to quit the contract | | |
| Customer Services | SR4 Workforce Issues Unexpected staff shortages/staff turnover resulting in longer waiting times | Turnover decreasing and training has increased capacity but still under review. | HoCS |